INVESTIGATION REPORT

PREVENTION OF ABUSE OF COMPREHENSIVE SOCIAL SECURITY ASSISTANCE

December 2003

Office of The Ombudsman

Hong Kong

EXECUTIVE SUMMARY
Investigation Report
Prevention of Abuse
of Comprehensive Social Security Assistance

Background

No matter how affluent a society may be, there are less fortunate members who require assistance in one form or another. The Comprehensive Social Security Assistance (CSSA) scheme provides the assistance needed.

2. While the community has full sympathy for those in genuine hardship, concern has been expressed over possible abuse of the scheme. Even though such cases are relatively few in number as compared to the total number of CSSA recipients, the administrator of the scheme, Social Welfare Department (SWD) has the responsibility to establish efficient mechanism to deter abuse and to investigate suspected cases.

3. Against this background, The Ombudsman decided to conduct a direct investigation under Section 7(1)(a)(ii) of The Ombudsman Ordinance: any system with scope for abuse and malpractice could constitute maladministration. In May 2003, after informing the Director of Social Welfare (DSW), The Ombudsman declared the investigation.

The Investigation

4. This direct investigation examines:

i) existing mechanism for prevention of abuse of the

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CSSA scheme;

ii) adequacy and effectiveness of such mechanism; and

iii) scope for review for improvement.

History in Brief

5. Since 1971, CSSA has evolved from a simple scheme of providing just the cost of food to a comprehensive system covering a wide range of items. Between 1995/96 and 2002/03, the number of CSSA cases doubled, from 136,201 to 271,893 (99.6%). Expenditure on CSSA increased from $4.8 billion to $16.1 billion (235%). For 2003/04, CSSA is estimated to come to $17 billion or 8.2% of total recurrent public expenditure for the year.

Grants on Offer

6. CSSA comprises the standard rates, supplements and various special grants. The standard rates (**Annex 1**) cater for the most basic needs, i.e. nourishment, clothing and transport. Supplements recognise the special hardship that may be experienced by two groups of recipients: single parents and long-time recipients who are sick, elderly or disabled. Special grants comprise "standard special grants" for recurrent needs, requirements arising from special conditions or occasions and "discretionary special grants" for extremely exceptional circumstances.

Eligibility

7. To be eligible for CSSA, applicants must satisfy both a residence requirement and a means test. Under the residence requirement, applicants must have resided lawfully in Hong Kong for one year while recipients must reside for a

specified period of time within a year to be eligible for the full standard rates. For the means test, applicants must not possess assets in excess of the prescribed limits (**Annex 2**). To encourage recipients to take up paid employment, earnings may be disregarded up to $2,500 a month in recognition of expenditure incurred in employment.

8. To encourage self-reliance among persons aged between 15 and 59 not suffering from certified illness, such applicants have to satisfy one of the following conditions before becoming eligible for CSSA:

- unable to work due to an acceptable reason, e.g. to take care of young or disabled family members; or

- working for at least 120 hours with a wage of not less than $1,430 per month; or

- actively seeking paid jobs and participating in the Support for Self-reliance Scheme.

Appeal

9. An independent Social Security Appeal Board, appointed by the Chief Executive, considers appeals against SWD decisions on eligibility and payment of CSSA. This comprises entirely of non-officials, with SWD providing secretariat service.

Support for Self-reliance

10. The Support for Self-reliance Scheme comprises the Active Employment Assistance (AEA) programme and Community Work (CW) programme. The AEA programme assists all unemployed and low-income able-bodied recipients not in full-time job to secure employment.

11. Up to March 2003, 14% of recipients have found jobs. Recipients participate in diversified community service under the CW programme, e.g. cleaning country parks and beaches, so as to prepare them for paid employment by developing their self-esteem and confidence.

Mechanism for Preventing Abuse

12. SWD requires applicants to attest to the truthfulness of the information provided in support of their eligibility and to report subsequent changes in financial condition and family status. SWD conducts regular review of continuing eligibility. Its Special Investigation Section (SIS) is responsible for data matching and fraud investigation.

Observations and Opinions

13. Government is committed to its social responsibility to provide for the needy and vulnerable. At the same time, it must ensure proper use of public funds, guard against abuse, maintain self-esteem and prevent erosion of self-reliance. In times of healthy economy, the community is able and ready to look after those less fortunate members. When the economy deteriorates and individuals are increasingly having to grapple with their own financial problems, it is natural that some people

begin to question the extent of assistance to be offered to the needy and at what cost. It is inevitable, too, that focus turns on cases of abuse.

14. We see this as necessary but unfortunate:

- necessary, that a scheme funded by taxpayers' money should benefit those genuinely in need;

- unfortunate, that the abuse and fraudulent attempts by a small percentage of recipients should cause some in our community to look askance even at *bona fide* beneficiaries. This is unfair to recipients in real hardship and in need of assistance.

Grants on Offer

Standard rates

15. The adjustment of standard rates to reflect deflation has lagged behind the fall in wage level of the lower-income group. In such a situation, those whose skills are less sought after in the labour market have little incentive to seek employment.

Standard Special Grants

16. These grants are intended for all basic necessities other than sustenance, e.g. rental. Applications from eligible recipients are approved almost automatically.

17. Rent allowance for private tenement has to be supported by rental receipt. Abuse is possible if landlords or principal tenants corroborate with recipients. The rent allowance is capped by a number of maxima based on family size but without any correlation to the location of the property. Front-line officers do not have a guide on the rental levels in different districts for assessing the reasonableness of claims for rent allowance.

Discretionary Special Grants

18. The working guidelines on the processing of discretionary special grants are too vague. There is no mechanism at headquarters to review cases approved, standardise the more common and frequent applications and to share information among approving officers. This results in disparity and inconsistency of treatment.

19. When we looked at some of the cases, we were amazed by the justification for the grants or the amounts approved:

(a) an able-bodied adult reported lost cash five times in less than 17 months. On each occasion, the loss was around $1,000 and he was granted a total of over $5,000 to meet his basic needs pending the next regular payment. As an able-bodied adult, the recipient was not made responsible for his own belongings and not expected to bear the consequences of not doing so after the first loss;

(b) over $50,000 was given a recipient to renovate his accommodation;

(c) estate agent commission fees for renting accommodation was granted at one-month's rental when the standard practice in the trade is only half a month's rental;

(d) fees to consult a private medical practitioner was given on two occasions because the recipient claimed that he could not wait for medical appointments at a public hospital.

(e) expenses for passport fees were provided for someone who could afford the travelling expenses;

These cases illustrate that in the absence of comprehensive guidelines and information sharing among approving officers, each can only exercise his/her best judgement to process applications. However, SWD has advised that since 1999, a clear message has been sent to all frontline workers to tighten up administration of discretionary special grants. Consequently, these grants made up only 0.06% of total CSSA expenditure in 2002/03.

20. Admittedly not current and hopefully no longer possible, the cases above illustrate the implications of unduly generous discretionary special grants. Even though discretionary special grants constitute only 0.06% of total CSSA funding, or $3.1 million in 2002/03, we firmly believe that disbursement should still be fair -- and seen to be fair -- and properly administered. We note SWD's earlier efforts at improving monitoring and guidance in this area. Nevertheless, SWD must not be complacent and tighter control is necessary.

21. We cannot understand the rationale of a monetary supplement for single parents as all the basic needs and outgoings have already been catered for by

the scheme. We consider non-monetary support more meaningful.

Eligibility

Size of Family

22. There is no limit on the number of dependant children in a recipient family. Over the decades, the community has accepted the concept and related policies of small nuclear families. It is not unreasonable to review the number and standard rates for additional children in the light of this concept.

Residence Requirement

23. From 1 January 2004, the residence requirement will be changed from one year to seven years. Wide publicity of this new policy can help avoid unrealistic expectations from one-way permit applicants. To uphold the spirit of this policy, discretion to relax this new requirement should be exercised sparingly.

Means Test

24. Undisclosed income is a frequent form of abuse. SWD's tolerance could unwittingly condone fraudulent exploitation of the CSSA scheme.

25. An ultimate goal must be to encourage self-reliance for able-bodied recipients. There may be scope to raise the level of disregarded income or to allow CSSA recipients to accumulate income, provided the asset limit is not exceeded.

26. CSSA caters for all possible needs and applications are processed

speedily. Hence, the purpose of allowing applicants to keep the current level of assets becomes obscure. The non-inclusion of self-occupied property as assets in most cases may create a possible loophole for abuse. Recipients should explore the possibility of generating some income from such property before taking up CSSA. Non-disclosure of property outside Hong Kong is another area of abuse as it is difficult to detect.

Support for Self-reliance

27. The CSSA scheme should strike a balance between caring for the needy and helping them to stand on their own feet through employment or service to the community when unemployed.

Mechanism to Prevent Abuse

28. The scheme operates on the basis of information supplied by applicants. More training on assessment of applications and detection of deception should be provided to frontline staff. Dissemination of information gleaned from SIS investigations can alert staff to common features of potential abuse and usual tactics for concealing information.

29. Our study of cases revealed serious delays in SIS investigation process. One case took six months to complete while the other three cases took between 15 to 17 months. SWD attributed the delays to heavy workload but we consider the workload per investigator (handling 8.8 cases a month in 2002/03) not so heavy as to justify such time lapses.

30. SWD does not readily resort to criminal sanction against fraud and deception. More efforts are needed to remind recipients to report changes that may affect their eligibility and to deter non-disclosure.

Recommendations

31. The number of fraud cases established in past years is not a true reflection of abuse, only the extent of detection which is limited by SWD's investigation capability.

32. The Ombudsman makes the following recommendations to the Director of Social Welfare for more effective administration of the CSSA scheme –

(a) General

Design publicity programmes targeting specific groups:

i) to promote a positive perception of the scheme;

ii) to remind CSSA applicants and recipients of their obligation to provide full and truthful information; and

iii) to appeal for information on suspected abuse.

(b) Grants on Offer

i) Review regularly all the different components of the grants so that they remain proportional to the household

expenditure of the relevant income sector;

ii) subsume the standard special grants into the standard grant so that approval is made on verification of needs without requiring recipients to apply for disbursement;

iii) draw up indices on rental levels in districts for case officers to determine the amount of rent allowance and detect unreasonable claims;

iv) set up a committee to review discretionary special grants approved, standardise the more common or frequent applications and draw up guidelines for approving officers;

v) review and standardise follow-up action on repeated claims for discretionary special grants, take a firmer stand in cases where recipients should have assumed certain personal responsibility for his predicament; and

vi) review the single parent supplement and consider alternative support for these families.

(c) Eligibility

i) Review the limit on the number of eligible family members with a view to lowering the amount of standard rate for additional family members;

ii) publicise among intending immigrants the new seven-year residence requirement;

iii) consider the practical implications of the seven-year residence requirement;

iv) keep in view the need to enhance the provision of family services to new arrivals;

v) draw up detailed guidelines on the waiving of the seven-year residence requirement;

vi) review the level of disregarded income and the arrangements for recipients to accumulate income towards the prescribed asset limit;

vii) consider lowering the prescribed asset limits for initial entry into the CSSA scheme;

viii) review the self-occupied property rule and consider limiting the value of such property to be commensurate with the standard of living of most recipients; and

ix) review the procedures and mechanism for monitoring disclosure of property ownership and transfer of assets outside Hong Kong with a view to stricter enforcement of means testing.

(d) Support for Self-reliance

i) Evaluate regularly the effectiveness of the AEA programme;

ii) strengthen liaison with Government departments and non-governmental organisations to explore more openings for community services by recipients;

iii) review the participation of able-bodied recipients and single parents in the CW programme; and

iv) continue to explore ways to help victims of recent redundancies, including partnering closely with Labour Department on employment placement.

(e) Mechanism for Preventing Abuse

i) Provide more training on fraud detection;

ii) circulate to frontline staff regular reports on cases handled by SIS;

iii) require case officers to ensure CSSA applicants are aware of their obligation to provide full facts;

iv) issue guidelines on valuing properties and consider the imposition of penalty where disclosure of ownership is

not voluntary;

v) strengthen procedures in the review of entitlement and continuing eligibility;

vi) remind staff to refer suspected fraud to SIS without delay;

vii) prescribe a performance pledge for SIS complaint handling and devise a mechanism to check compliance; and

viii) take a firm stand on attempts to defraud: step up prosecution action, review the need to impose administrative sanctions, devise a high-level mechanism to review action taken (i.e. revert to prosecution or revise level of penalty).

Comments from SWD

33. Though having reservations over some recommendations, mainly because of perceived difficulty in implementation, SWD has generally accepted the recommendations. Implementation of some of them is already underway.

Final Remarks

34. The Ombudsman is pleased to learn that DSW has generally accepted our recommendations. The Ombudsman realises that implementation of some of them, particularly those touching on policy matters, may take time. In this

connection, SWD is asked to report progress every six months.

35. The Ombudsman is grateful to DSW and staff for assistance throughout this investigation.

Concluding Comments

36. There is no doubt that a safety net is necessary for the vulnerable and the needy. However, a credible system for investigating attempts to defraud and a demonstrable determination to punish defrauders would help to uphold the integrity of the CSSA scheme. This would assure the community that the scheme benefits those genuinely in need and that these persons should not be tarnished or stigmatised by the misconduct of those who abuse the CSSA scheme.

Office of The Ombudsman
Ref. OMB/DI/107
December 2003

Standard rates (effective from 1 October 2003)

	($ per person per month)	
	Single person	**Family member**
Elderly person 60 or above		
Able-bodied/50% disabled	2,400	2,265
100% disabled	2,910	2,570
Requiring constant attention	4,095	3,750
Sick/Disabled adult under 60		
Sick/50% disabled	2,030	1,845
100% disabled	2,540	2,195
Requiring constant attention	3,720	3,375
Disabled child		
50% disabled	2,705	2,360
100% disabled	3,215	2,870
Requiring constant attention	4,390	4,055

	Single person	**Family of not more than 2 able-bodied adults/children**	**Family of 3 able-bodied adults/children**	**Family of 4 or more able-bodied adults/children**
Able-bodied adult under 60				
Single parent/Family carer	--	1,745	1,575	1,395
Other adult	1,605	1,430	1,290	1,145
Able-bodied child	1,920	1,595	1,435	1,275

Source: SWD

For example, a family of a couple with two children, all able-bodied, will receive a monthly standard grant of $4,840 ($1,145 x 2 + $1,275 x 2). Additional able-bodied children will each be entitled to a further standard grant of $1,275 a month.

For single applicants, the prescribed limit is:

Condition of applicant	Prescribed assets
Able-bodied adult	$22,000
Child, disabled or elderly adult, sick person	$34,000

The prescribed limits for families are:

No. of family members	Family composition					
	With no able-bodied member	With one able-bodied adult/child	With two able-bodied adults/children	With three able-bodied adults/children	With four able-bodied adults/children	With five able-bodied adults/children
2	$51,000	$48,500	$29,000	--	--	--
3	$68,000	$65,500	$63,000	$43,500	--	--
4	$85,000	$82,500	$80,000	$77,500	$58,000	--
5	$102,000	$99,500	$97,000	$94,500	$92,000	$58,000
6	$119,000	$116,500	$114,000	$111,500	$109,000	$92,000

1

INTRODUCTION

BACKGROUND

1.1 However affluent a society may be, there are less fortunate members who require assistance in one form or another. The community accepts the responsibility to look after them. In Hong Kong, the Comprehensive Social Security Assistance (CSSA) scheme provides a safety net for those who need looking after temporarily or longer-term. Over the years, the community has not disputed this responsibility.

1.2 While the community has full sympathy for those in genuine hardship, there has also been continuing concern over possible abuse of the scheme. Now and again, there are media reports about fraudulent attempts to abuse the scheme or CSSA recipients not making proper use of the financial assistance rendered to them. Even though these cases are relatively few compared to the total number of recipients, the Social Welfare Department (SWD), charged with administration of the scheme, has the responsibility to establish efficient mechanism to deter abuse and to investigate suspected cases. The object is to ensure proper use of public funds and to protect the credibility of the CSSA scheme.

1.3 Given the widespread community concern over possible abuse, this

Office considered it necessary to examine the mechanism for preventing abuse: any system with scope for abuse and malpractice could constitute maladministration. In this context, our Office conducted preliminary enquiries into the procedures for prevention of abuse of the scheme. On 14 May 2003, The Ombudsman informed the Director of Social Welfare (DSW) of her decision to conduct a direct investigation under Section 7(1)(a)(ii) of The Ombudsman Ordinance, Cap. 397.

PURPOSE AND AMBIT

1.4 Our aim is to ascertain whether there is need for improvement to prevent abuse. The ambit of our investigation includes –

(a) existing mechanism for prevention of abuse of the CSSA scheme;

(b) adequacy and effectiveness of such mechanism; and

(c) scope for review for improvement.

METHODOLOGY

1.5 SWD has provided for our analysis relevant papers, case files and statistical data. Our investigation officers held discussions with SWD representatives throughout the investigation.

1.6 From 22 May to 23 June 2003, members of the public were invited to give comments and suggestions. We also approached the following organisations for

views:

- Hong Kong Council of Social Service
- Hong Kong Social Workers Association
- Hong Kong Human Rights Monitor
- Hong Kong Human Rights Commission

We received three written submissions.

1.7 In July 2003, we met with the Specialized Committee on Social Security and Employment Policy of the Hong Kong Council of Social Service. In August 2003, we met representatives from the Alliance Concerning CSSA.

1.8 We also studied the Director of Audit's report in 1999 on the administration of the CSSA scheme[1].

INVESTIGATION REPORT

1.9 A draft investigation report was sent on 29 October 2003 to DSW for comments and these were received on 13 November 2003. We also met SWD officers to discuss the draft report and their comments. Further comments were received on 11 December 2003. This final report was issued on 15 December 2003.

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[1] Report no. 32 (March 1999), Chapter 4,.

2

THE SCHEME

HISTORY IN BRIEF

2.1 When first established in 1971, the CSSA (then Public Assistance) scheme provided money to cover only the cost of food. A year later, it developed into a more comprehensive scheme to cover additional items, including fuel and light, clothing and footwear, transport and durable household goods.

2.2 Riding on the back of Hong Kong's economic development and resulting affluence, the CSSA scheme evolved through the years from providing a safety net, to seeking to allow the underprivileged to share the fruits of society's affluence. Over the next three decades, CSSA rates were adjusted to keep pace with inflation[2] and provided increases in real terms.

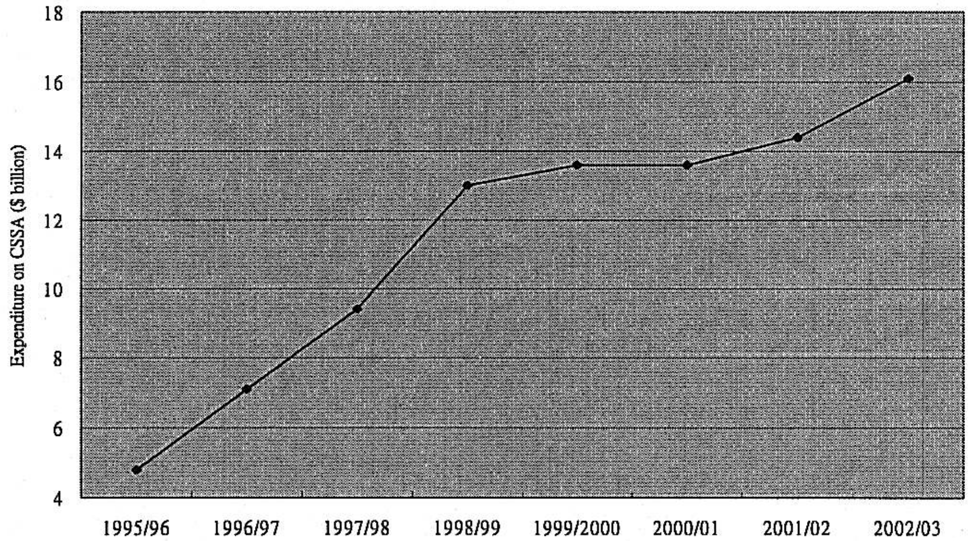
2.3 In a review in 1995/96, Government adopted the Household Expenditure Survey as the basis for CSSA rates, resulting in a significant rise in the rates to reflect real increases and/or inflationary adjustment. Upward adjustments were made again in 1997 and 1998 to take account of inflation.

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[2] In accordance with movements of the Social Security Assistance Index of Prices.

2.4 Hong Kong's economic downturn beginning in 1997 reduced job opportunities and wage levels. This led to an increase of unemployed persons applying for CSSA on grounds of unemployment. Meanwhile, wages for the lower end of the employment market fell below the level of benefits available under the CSSA scheme. For some recipients, especially those with a large household, CSSA gave a higher "income" than what they could earn through employment. There is little incentive to strive for self-reliance. Government reviewed the CSSA scheme in 1998. Rates were reduced for the first time in June 1999. For some families, this resulted in a 10% to 20% cut in some payments.

2.5 Between 1995/96 and 2002/03, the number of CSSA cases[3] practically doubled, from 136,201 to 271,893 (99.6%). Expenditure on CSSA increased from $4.8 billion to $16.1 billion, a 235% increase.



2.6 As at September 2003, there were 288,648 cases as follows:

[3] A case may be a single person or a family.

Classification	Active Cases	%
Old age	146,068	50.60%
Blind	326	0.11%
Deaf	334	0.12%
Physically disabled	4,521	1.57%
Mentally ill	10,335	3.58%
Ill health/illness	21,857	7.57%
Single parent family	36,718	12.72%
Low earnings	12,867	4.46%
Unemployment	51,372	17.80%
Others	4,250	1.47%
Total	288,648	100%

It is estimated that in 2003/04, CSSA will take up $17 billion or 8.2% of recurrent public expenditure for the year.

GRANTS ON OFFER

2.7 Over the past three decades, the CSSA scheme has developed into a quite complex system, with multifarious payments catering for different needs of various categories of recipients. Simplistically speaking, CSSA comprises standard rates, supplements and various special grants.

Standard rates

2.8 The standard rates cater for the most basic needs of recipients i.e. nourishment, clothing and transport. The amount payable depends on the size of the family as well as age and physical condition of recipients (i.e. whether elderly, young, able-bodied, disabled or sick), as follows:

Standard rates (effective from 1 October 2003)

	($ per person per month)	
	Single person	**Family member**
Elderly person 60 or above		
Able-bodied/50% disabled	2,400	2,265
100% disabled	2,910	2,570
Requiring constant attention	4,095	3,750
Sick/Disabled adult under 60		
Sick/50% disabled	2,030	1,845
100% disabled	2,540	2,195
Requiring constant attention	3,720	3,375
Disabled child		
50% disabled	2,705	2,360
100% disabled	3,215	2,870
Requiring constant attention	4,390	4,055

	Single person	**Family of not more than 2 able-bodied adults/children**	**Family of 3 able-bodied adults/children**	**Family of 4 or more able-bodied adults/children**
Able-bodied adult under 60				
Single parent/Family carer	--	1,745	1,575	1,395
Other adult	1,605	1,430	1,290	1,145
Able-bodied child	1,920	1,595	1,435	1,275

Source: SWD

For example, a family of a couple with two children, all able-bodied, will receive a monthly standard grant of $4,840 ($1,145 x 2 + $1,275 x 2). Additional able-bodied children will each be entitled to a further standard grant of $1,275 a month.

Special grants

2.9 Special grants in turn also comprise a standard element ("standard special grants") and discretionary elements ("discretionary special grants"). Standard special grants cater for recurrent needs such as rent, school fees, private elderly residential institutional fees as well as requirements arising from special conditions or occasions (e.g. medical appliances or hygienic items, dental care, public examinations fees, school-related expenses, burial grant). Discretionary special grants are intended for extremely exceptional circumstances not catered for by the other grants, such as loss of cash, fines arising from illegal hawking, passport application fees, driving licence fees, travelling expenses to the Mainland, renovation of premises, replacement or repair of essential household goods and after-school child care.

Standard special grants

2.10 Standard special grants comprise five major heads of needs: housing, family, medical and rehabilitation, child care, and school. Each head, in turn, comprises several further categories of allowances for, e.g. rent, water/sewage charge, removal under the housing and related grant. A full list of standard special grants is at **Annex 1**.

2.11 Elderly, sick or disabled recipients are eligible for a wider range of allowances than able-bodied recipients such as removal grant, renewal of electrical fittings, telephone installation and monthly charges. All allowances under medical and rehabilitation grant are subject to certification of need.

2.12 Unless fraud is suspected, applications for standard special grants will normally be approved.

2.13 Most standard special grants will meet actual expenses, e.g. the cost of a new pair of glasses will be fully met by a one-off allowance under the medical and rehabilitation grant. Other grants are subject to prescribed limits. For example, in the case of monthly rent allowance, the maximum[4] allowance payable is set by reference to the number of family members.

No. of family members	Maximum rent allowance per month[5]
1	$1,265
2	$2,550
3	$3,330
4	$3,545
5	$3,550
6 or above	$4,435

Source: SWD

Discretionary special grants

2.14 Discretionary special grants aim to help CSSA recipients tide over difficulties not covered by standard special grants (**Annex 1).** In addition, able-bodied recipients may apply for disbursement under the discretionary special grants for items, e.g. removal grant, that elderly, sick or disabled recipients may receive as standard special grants.

2.15 Recipients applying for discretionary special grants must satisfy their case officers of genuine hardship. Guidelines on how to process applications were

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[4] For a recipient awaiting compassionate re-housing, if the actual rent exceeds the maximum allowance, the actual rent may be granted.

[5] Effective from 1 June 2003.

issued in March 1999, following the 1998 CSSA review. Apart from setting out broad principles on which the grant should be disbursed, the guidelines remind approving officers of how to exercise care in approving applications and to keep the grant to the minimum. Two examples demonstrate how other forms of assistance can be sought to minimise the grant. Although a few sharing sessions were held immediately after the 1998 CSSA review, there has been no regular meeting thereafter, to highlight any special case approved or to alert approving officers to possible fraud or abuse such as repeated claims. The guidelines do not remind approving officers to watch out for consistency in exercising discretion.

Payment of special grants

2.16 In 2002/03, special grants took up $4.6 billion (28%) of the total expenditure on CSSA. Of this, $3.1 million (0.06%) was discretionary in nature.

Supplements

2.17 There are two types of supplements, for long-term and for single parent, to recognise the special hardship that may be experienced by two special groups of CSSA recipients.

2.18 Long-term supplement is payable to those elderly, sick or disabled recipients who have been on CSSA continuously for 12 months. It is a single payment payable in the 13th month for replacing household goods. A single parent is paid a supplement of $225 a month.

2.19 Details of both the long-term and single parent supplement as well as the definition of "single parent family" are at **Annex 2.** It is noted that the definition of "single parent" embraces almost all scenarios.

CSSA entitlements

2.20 The various entitlements are as follows:

		Able-bodied recipients	**Elderly, sick or disabled recipients**
Standard Rates		✓	✓ (at higher rates than able-bodied recipients)
Special grants	**Standard special grant**	***Housing and related grant***: rent, water/sewage charge	***Housing and related grant***: rent, deposit for rental, commission for estate agent, moving, water/sewage charge, electricity, telephone, emergency alarm, renewal of electrical fitting
		Family grant: burial	***Family grant***: travel to and from hospital/clinic, private elderly residential institution, burial
		✗	***Medical and rehabilitation grant***: special diet, appliances (wheelchair, diapers), glasses, dental treatment, care and attention, home help, occupational therapy
		Child care grant: day creche/ nursery	***Child care grant***: day creche/ nursery
		School grant: tuition, meal, travel, public exams, books and stationery	***School grant***: tuition, meal, travel, public exams, books and stationery
	Discretionary special grant	✓	✓

Supplement	***Single parent***: $225 per month	***Long-term***: Payable at year-end for families with elderly, sick or disabled family members on CSSA for one year No. of persons Amount 1 $1,425 2 – 4 $2,855 5 and above $3,825

2.21 The amount of CSSA varies for each individual case according to the prevailing personal or family circumstances. SWD estimates that a single person receives about $3,751 a month and, depending on composition, a family will receive the following amount in standard and standard special grants:

No. of family members	Estimated monthly CSSA (as at 2002/03)
2	$6,262
3	$8,342
4	$9,783
5	$11,427

Source: SWD

ELIGIBILITY

2.22 To be eligible for CSSA, applicants must satisfy both residence requirement and means test. A family is represented by a nominated member in its application. There is no limit to the number of dependants in a family and the standard rate is directly proportional to the size of the family.

Residence requirement

2.23 There are two aspects of the residence requirement:

(a) applicants must have resided lawfully in Hong Kong for at least a year[6]. Temporary residents whose stay is restricted for specific purposes (e.g. tourists, imported talent) are not eligible. However, DSW has the discretion to waive this requirement;

(b) recipients must reside in Hong Kong for a specified period of time within a year (1 July to 30 June) to get full payment under the standard rates. Elderly[7] and disabled recipients can leave Hong Kong for no more than 180 days within a year while other recipients can only be away for up to 60 days. Absence from Hong Kong in excess of these limits will lead to stoppage of CSSA.

Means test

Assets

2.24 Assets of an applicant, including real estate, cash and investments, must not exceed a prescribed limit. A self-occupied flat at the time of application, irrespective of value, is normally not counted. Any other property having a value, including real estate in or outside Hong Kong, is an asset (**Annex 3**). The applicant

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[6] With effect from 1 January 2004, a person must have resided in Hong Kong for at least seven years to be eligible for CSSA.

[7] Elderly persons who have been on CSSA for three years may choose to live permanently in Guangdong under the portable CSSA scheme. They receive the standard grant and long-term supplement but are not eligible for any special grant.

is expected to sell all valuables and live on the proceeds until his assets fall within the prescribed limit. For single applicants, the prescribed limit is:

Condition of applicant	Prescribed assets
Able-bodied adult	$22,000
Child, disabled or elderly adult, sick person	$34,000

The prescribed limits for families are:

No. of family members	Family composition					
	With no able-bodied member	With one able-bodied adult/child	With two able-bodied adults/children	With three able-bodied adults/children	With four able-bodied adults/children	With five able-bodied adults/children
2	$51,000	$48,500	$29,000	--	--	--
3	$68,000	$65,500	$63,000	$43,500	--	--
4	$85,000	$82,500	$80,000	$77,500	$58,000	--
5	$102,000	$99,500	$97,000	$94,500	$92,000	$58,000
6	$119,000	$116,500	$114,000	$111,500	$109,000	$92,000

Income

2.25 Contrary to common belief, CSSA recipients are encouraged to secure paid jobs so that they can ultimately become self-reliant. As incentive, earnings from a new job in the first month may be totally disregarded in calculating the amount of CSSA payable. Subsequent earnings may also be partially disregarded, up to

$2,500 a month[8], in recognition of expenditure incurred in taking up employment (**Annex 4**).

Other criteria

2.26 To encourage self-reliance among persons aged between 15 and 59 not suffering from certified illness, such applicants have to satisfy one of the following conditions before becoming eligible for CSSA:

- unable to work due to an acceptable reason, e.g. to take care of young or disabled family members; or

- working for at least 120 hours with a wage of not less than $1,430 per month; or

- actively seeking paid jobs and participating in the Support for Self-reliance Scheme (see paras. 2.28 to 2.36).

2.27 In 2002/03, SWD approved 53,412 cases (63%) of 84,867 CSSA applications.

Appeal

2.28 An independent Social Security Appeal Board, appointed by the Chief Executive, considers appeals against SWD decisions on eligibility and payment of CSSA. This comprises entirely of non-officials, with SWD providing secretariat

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[8] Increased from $1,805 to the current level with effect from 1 June 2003, as a result of a review of the provision of disregarded earnings.

service.

SUPPORT FOR SELF-RELIANCE

2.29 A common public perception is that providing social security for a long time tends to nurture dependence, competent workers may lose their drive for work and prefer to stay in the safety net. Prior to 1999, SWD required able-bodied CSSA recipients to seek employment through the Labour Department and to make monthly declaration about their employment status. However, only 1% of recipients found jobs this way.

2.30 The Support for Self-reliance Scheme was introduced in June 1999 following the 1998 CSSA review. This comprises two programmes: Active Employment Assistance (AEA) programme and Community Work (CW) programme.

Active Employment Assistance Programme

2.31 AEA covers all unemployed and low-income able-bodied CSSA recipients without a full-time job. They are provided with the latest market information and support[9] to secure employment. AEA has proved to be more effective: up to March 2003, 14% of recipients have found jobs.

2.32 However, this scheme is more successful with the young and the less educated as they can better match the job opportunities available in the labour market. Placement of other, mainly older, recipients has been more difficult. The rest are

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[9] Such as helping the recipients develop action plans for finding work.

either over-qualified for most jobs or have been engaged in management positions and lack suitable jobs that meet their expectations or qualifications.

Community Work Programme

2.33 CW, on the other hand, aims at developing recipients' self-esteem and confidence to prepare them for paid employment. It provides them with an opportunity to take part in diversified community service, ranging from manning library counters to cleaning country parks and beaches.

2.34 Due to limited openings, as at March 2003, only 4,400 recipients are engaged in community service for SWD, other Government departments and non-governmental organisations. After 12 months, they are suspended from the programme to make way for other recipients. CW work is unpaid, but on retirement they receive a certificate in recognition of their contribution to the community. Outstanding performers are awarded with letters of appreciation.

2.35 The programme is criticised by the welfare sector as a means of deterring applications for CSSA and forcing recipients off the scheme. However, during the pubic consultation in the 1998 CSSA review, many accepted the concept of asking people to contribute to society, from which they receive social security benefits.

2.36 SWD intends to continue with the CW programme. It is constantly looking for more openings. For example, during the season of high risk from dengue fever, arrangements were made for recipients to take part in the anti-mosquito campaign. SWD is currently liaising with other Government departments to identify suitable openings for more recipients.

Intensive Employment Assistance Projects

2.37 In the wake of the current economic downturn and as part of the drive for self-reliance, SWD has launched the Intensive Employment Assistance Projects in October 2003. As part of these projects, temporary financial aid is offered to tide recipients over temporary financial hardship. The intention is to keep them from falling into the CSSA safety net as they actively strive to re-enter the employment market.

3

MECHANISM FOR PREVENTING ABUSE

GATE KEEPING

Onus of proof

3.1 In support of his application, an applicant has to supply information on his income, assets, family status and where appropriate, produce supporting documents such as bank passbooks, rental receipts and proof of employment. He is required to attest to the truthfulness of the information provided, report subsequent changes and confirm his understanding of the legal consequences if he obtained welfare by deception[10].

Verification

3.2 As part of the vetting process, SWD conducts home visits to observe the applicant's living conditions and detect any discrepancies from his statement. Where appropriate, SWD will verify the information with his family members, relatives, landlord and any other parties relevant. Where fraud is suspected, the case will be referred to a Fraud Investigation Team of the Special Investigation Section

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[10] Any person who obtains pecuniary advantage by deception shall, upon conviction, be liable to imprisonment for ten years: s. 18 of the Theft Ordinance, Cap. 210.

(SIS) for follow-up action. The processing and vetting procedures normally take one month.

REVIEW OF CONTINUING ENTITLEMENT

3.3 CSSA recipients are obliged to report changes of their financial condition and family status (para. 3.1). Apart from these "voluntary" reports, SWD also has an established system for regular review of continuing eligibility.

3.4 If recipients fail to report changes that would lead to ineligibility or a reduction of CSSA entitlement, they are required to repay any overpayment. Suspected fraud will be referred to SIS.

SPECIAL INVESTIGATION SECTION

3.5 Established in 1977, SIS (formerly the Special Investigation Team) plays a key role in the prevention and detection of abuse of the CSSA scheme. Following the 1998 CSSA review, SIS took on an expanded scope of activities to strengthen measures against abuse. Headed by a Senior Social Security Officer, SIS is supported by 114 staff members: four Social Security Officers I, 62 Social Security Officers II, 38 Senior Social Security Assistants and ten supporting staff[11]. They are organised into four teams: a Data Matching Team, two Fraud Investigation Teams and a Performance Management Team.

3.6 The Data Matching Team comprises one Social Security Officer I, 12

[11] Seven Clerical Assistants and three workmen.

Social Security Officers II and 20 Senior Social Security Assistants. It conducts regular data-matching exercises with other Government departments[12] and organisations[13] to verify the information provided and check for unreported information. For instance, data is sent to the Student Financial Assistance Agency for checks conducted against duplicate claims of school related expenses. Where fraud is suspected, in-depth investigation will be conducted.

3.7 The Fraud Investigation Teams, each comprising one Social Security Officer I and 20 Social Security Officers II[14], investigate referrals[15] and complaints[16] of suspected fraud. If fraud is established, the recipient will be required to repay any overpaid CSSA, and may receive a warning or even be prosecuted. Chapter 4 outlines some of the investigations conducted by these Teams.

3.8 The Performance Management Team comprises one Social Security Officer I, ten Social Security Officers II and 18 Senior Social Security Assistants. It is responsible for internal auditing of selected cases, evaluating performance of social security field units[17] and identifying improvement measures and training needs.

3.9 The Random Check Team (RCT) of SIS used to conduct random checks across all cases for inaccurate and unreported information. However, the

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[12] For example: Immigration Department, Treasury, Land Registry, and Student Financial Assistance Agency.

[13] For example: Employees Retraining Board.

[14] Depending on workload, SIS may draft officers from the other two teams. At present, over ten officers have joined to help clear the backlog.

[15] Referrals may come from within SWD or other Government departments.

[16] Members of the public may report any suspected fraud through a hotline, in writing, or use of the SWD "Report Fraud Envelope".

[17] Field units are where CSSA applications are made and processed.

level of fraud detection did not justify the resources required: e.g. out of 5,471 random checks conducted in 2002/03, only 16 cases of fraud had been detected (0.29%)[18]. Starting from 2003, only a small percentage (ranging from 3% to 10%) of specific categories of cases are selected for random checks. RCT was transformed as the Performance Management Team taking on an expanded role including auditing of data/payment/compliance with procedures, appraising the performance of field units, identifying areas of inefficiency, suggesting improvement measures and training needs. Fraud detection now depends primarily on information provided through public complaints and data-matching processes.

3.10 For 2003/04, $42.3 million has been allocated for SIS operations.

[18] Detection rates in 2001/02 and 2000/01 were 0.55% and 0.45% respectively.

4

CASE STUDIES ON INVESTIGATIONS INTO SUSPECTED FRAUD

4.1 In the past three years, SIS investigated 10,989 cases. Of this, fraud was established in 957 cases, involving payments totalling $46.7 million. Where fraud was established, the SWD Internal Committee on Fraud Cases (ICFC) chaired by the Assistant Director (Social Security), would decide whether to issue a warning or refer the case to the Police for prosecution. An analysis of cases processed follows:

Year	Referrals and complaints received[19]	Cases of fraud established	Overpayment uncovered (million)	Referrals to Police			
				Total	Prosecutions (convictions)	Under process	No further action[20]
2000/01	3,006	332	$13.2	110	61 (56)	28	21
2001/02	3,548	236	$11	52	17 (15)	27	8
2002/03	4,435	389	$22.5	107	7 (6)	98	2

Source: SWD

4.2 In a case involving the largest amount of overpayment, over $580,000 was paid out over a 12-year period. The recipient would not have been eligible for

[19] Mostly complaints. Referrals received in 2000/01, 2001/02 and 2002/03 were 389, 559 and 482 respectively.

[20] Either on Police's recommendation or due to death of the suspect.

CSSA had she disclosed her assets[21]. The case came to light after the recipient died intestate when SWD officer assisted her son to handle her estate. SWD is now taking civil action to recover the overpayment.

4.3 To better understand SIS investigations, we studied a number of cases where fraud was established. Some cases are summarised below for illustration.

CASE STUDIES

Case 1 (Overstated rent)

4.4 A single CSSA recipient received rent allowance of $1,500 when he only paid $1,000 to the principal tenant. When the latter passed away, his brother continued to manage the letting of the flat. In August 2000, he complained to SWD.

4.5 SIS took over the case in November 2000. Investigation was completed in January 2001 with the complaint substantiated. The recipient was required to repay $10,000 by instalments. In view of the seriousness of the deception, SWD referred the case to the Police. The recipient was subsequently convicted and sentenced to five months' imprisonment.

Case 2 (Undisclosed income)

4.6 Two identical complaints were lodged with SWD in August 2001 and January 2002, alleging non-disclosure of income from employment with a number of companies. The case was passed to SIS three months later, in November 2001.

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[21] Over $1.5 million in savings.

SIS commenced investigation in July 2002, almost a year from the first complaint.

4.7 SIS contacted a number of banks, the employers concerned and a friend of the recipient. On conclusion of the investigation in November 2002, the allegations were substantiated. Investigation revealed that addition to concealing income, the recipient was also withholding details of a number of savings accounts. She was required to repay some $20,000 by instalments. In view of her remorse and cooperation, SWD did not refer the case to the Police for prosecution and simply warned her in writing against future non-disclosure.

Case 3 (Undisclosed income)

4.8 In August 2001, two complaints were lodged with SWD against an unemployed single CSSA recipient for non-disclosure of income from a number of jobs. SIS took over the case at the end of August 2001 and commenced investigation one year later, in September 2002. By then, a third complaint had been received revealing the recipient's change of jobs.

4.9 The recipient admitted to withholding information on employment. Investigation was completed in November 2002. He showed remorse and willingness to repay the excess CSSA grant. He was required to do so by instalments. In view of his cooperative attitude, SWD did not refer the case to the Police for prosecution and issued a warning letter instead.

Case 4 (Undisclosed property)

4.10 In July 2001, SWD received two complaints alleging a single-parent family with two children for non-disclosure of alimony and ownership of property in

the Mainland. SIS commenced investigation 15 months later, in October 2002.

4.11 SIS contacted a number of banks and interviewed a friend of the recipient. Investigation was completed in December 2002. The complaint about alimony was not substantiated. However, possession of a property in the Mainland was confirmed. She was required to repay $29,000 by instalments. In view of her remorse, cooperation and the need to take care of two young children, SWD did not refer the case to the Police for prosecution and instead, issued a warning letter to her.

CONCLUDING OBSERVATION

4.12 In these cases, there was significant delay in initiating investigation. SWD admitted that due to heavy workload, SIS had left some cases unattended for months.

5

OBSERVATIONS AND OPINIONS

5.1 Hong Kong's rapid economic growth since the 70s has given rise to greater affluence for its people. This has, however, widened the gap between the wealthy and the lower-income wage earners. The worldwide economic downturn in the last decade and the shift of the manufacturing industry to the Mainland exacerbated the wealth gap. For those who are less well educated or whose skills are no longer needed in the changing labour market, CSSA has provided them with the only safety net. As with developed territories having an aging population enjoying longer life expectancy, Hong Kong faces the prospect of an inevitably increasing financial burden of its social services, including its commitment to providing a safety net for the needy.

5.2 Government is committed to its social responsibility to provide for the needy and vulnerable. At the same time, it must ensure proper use of public expenditure, guard against abuse, maintain self-esteem and prevent erosion of self-reliance. In times of healthy economy, the community is able and ready to look after those less fortunate members. When the economy deteriorates and individuals are increasingly having to grapple with their own financial problems, it is natural that some people begin to question the extent of assistance to be offered to the needy and

at what cost. It is inevitable, too, that focus turns on cases of abuse.

5.3 We see this as necessary but unfortunate:

- necessary, that a scheme funded by taxpayers' money should benefit those genuinely in need;

- unfortunate, that the abuse and fraudulent attempts by a small percentage of recipients should cause some in our community to look askance even at *bona fide* beneficiaries. This is unfair to recipients in real hardship and in need of assistance.

GRANTS ON OFFER

5.4 CSSA is offered on a matrix of components to meet the multifarious needs of the needy and vulnerable, covering all foreseeable and unexpected circumstances. Apart from the standard rates, applicants have to prove a requirement for assistance through "special grants". While applicants may consider the process inconvenient, it ensures that assistance is given only for proven genuine need. It also encourages applicants to find their own means of support.

5.5 CSSA covers a wide range of needs. Special grants make up 28% of total CSSA payments (para. 2.16). Despite recent downward adjustment of the standard rate to reflect changes in purchasing power, multifarious needs are still being met in full.

Standard rates

5.6 This basic rate, intended for sustenance, was originally pegged to the expenditure level of the lower-income group and adjusted in line with inflation or deflation. Over the past few years, Hong Kong wages at all levels have fallen steadily across the board, but these were not matched by corresponding reduction of CSSA. Adjustment for deflation has, therefore, lagged behind the fall in wage level of the lower-income group. In such a situation, those whose skills are less sought after in the labour market have little incentive to seek employment.

Standard special grants

5.7 The designation "standard special grants" is a misnomer. These grants are intended for all basic necessities other than sustenance, e.g. rental. Applications from eligible recipients are approved almost automatically (para. 2.12).

5.8 Grants for rental of private tenement are payable on production of rental receipts by recipients. Abuse is possible if landlords or principal tenants "cooperate" with the recipients. When both parties "cooperate" willingly, it will be difficult to detect unless there is change in circumstances, such as change in ownership or management of the property (para. 4.4). While direct reimbursement of rental to landlords may reduce the opportunities for abuse, it will be more costly to administer. Better education of recipients as well as tighter control by SWD are necessary.

5.9 The rent allowance is capped by a number of maxima based on family size but without any correlation to the location of the property. This allowance was

last reviewed in June 2003. Given the volatile property market, SWD's current system does not respond fast enough to market changes or attempt to differentiate the rental levels in different districts within the territory. While respecting the wish of recipients to reside in a location of their choice, front-line officers have no guide to the different rental levels for assessing the reasonableness of their claim for rent allowance.

Discretionary special grants

5.10 A full list of the standard special grants and rates payable are specified to enable case officers to consider applications. On the other hand, the scope of discretionary special grants (para. 2.9) and the criteria for approval are left to individual officers delegated with authority to approve. The guidelines (para. 2.15) are too vague. With the number of cases that have been approved over these years, SWD should be able to analyse and standardise the criteria as a basis for approving or rejecting the more common or frequent application, such as grants for rent deposit and after-school child care. More detailed guidance will help case officers to speed up the processing of cases and offer relief more readily to alleviate distress. On the other hand, approving officers should be required to examine each and every application carefully, paying special attention to all available information or indications disclosed such as number of applications in the past, any obvious or special habit of the applicant and reasons for the lack of alternative relief (e.g. through part-time or temporary jobs).

5.11 We note that there is no mechanism at headquarters to review cases approved so as to standardise the more common and frequent applications or to share information among all approving officers. Thus, disparity in treatment is inevitable. Inconsistency is poor administrative practice and an aspect of maladministration.

5.12 When we looked at some of the cases, we were amazed by the justification for the grants or the amounts approved:

(a) an able-bodied adult[22] reported lost cash five times in less than 17 months. On each occasion, the loss was around $1,000 and he was granted a total of over $5,000 to meet his basic needs pending the next regular payment. As an able-bodied adult, the recipient was not made responsible for his own belongings and not expected to bear the consequences of not doing so after the first loss;

(b) over $50,000[23] was given a recipient to renovate his accommodation;

(c) estate agent commission fees[24] for renting accommodation was granted at one-month's rental when the standard practice in the trade is only half a month's rental;

(d) fees to consult a private medical practitioner was given on two occasions[25] because the recipient claimed that he could not wait for medical appointments at a public hospital.

(e) expenses for passport fees were provided for someone who could afford the travelling expenses;

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[22] Para. 4.18, Report No. 32 of the Director of Audit, March 1999.

[23] Para. 4.25, Report No. 32 of the Director of Audit, March 1999.

[24] Approved in July 1999.

[25] Approved in July and August 1999.

These cases illustrate that in the absence of comprehensive guidelines and information sharing among approving officers, each can only exercise his/her best judgement to process applications. However, SWD has advised that since 1999, a clear message has been sent to all frontline workers to tighten up administration of discretionary special grants. Consequently, these grants made up only 0.06% of total CSSA expenditure in 2002/03. We share SWD's belief that timely assistance should be made available to CSSA recipients to alleviate hardship, and that any social safety net must include an element of discretion, suitably exercised, to allow sufficient flexibility when dealing with deprived groups in the community. With monitoring and guidance from time to time (e.g. by uploading onto internal computer system a dossier of model cases), SWD maintains that approving officers can easily draw reference from them.

5.13 Admittedly not current and hopefully no longer possible, the cases above illustrate the implications of unduly generous discretionary special grants. Take the case of discretionary special grant for lost cash, it is incredible that SWD staff would use the CSSA to bail out the applicant repeatedly without any form of sanction. Such indulgence would only serve to encourage carelessness and further applications. What incentive is there for the applicant to assume personal responsibility for his cash or other personal belongings? Except for elderly persons or those incapable of looking after themselves, one could argue that once payment is made, CSSA recipients should take up responsibility for themselves and their dependant family members. Even in exceptional cases of genuine hardship, assistance in kind rather than in cash should be considered: after all, CSSA is not a dispenser of ready cash.

5.14 Even though discretionary special grants constitute only 0.06% of total CSSA funding, or $3.1 million in 2002/03 (para. 2.16), we firmly believe that

disbursement should still be fair -- and seen to be fair -- and properly administered. We note SWD's earlier efforts at improving monitoring and guidance in this area. Nevertheless, SWD must not be complacent and tighter control is necessary.

5.15 For the able-bodied, we believe the CSSA system should encourage their taking on temporary or part-time jobs (Cases 2 & 3, Chapter 4), to enhance self-esteem and to reduce reliance on discretionary special grants.

Supplements

5.16 A single parent is particularly exposed to the trials and tribulations of raising a family. However, we cannot understand the rationale of a monetary supplement since all the basic needs and outgoings have been catered for under the standard rates and special grants. Instead, some other form of support, e.g. experience sharing, may be more meaningful. We note that some non-governmental organisations are hosting support groups for single parents.

5.17 At present, to qualify for single parent supplement, a CSSA recipient's children must be below 18, or if the children are in full-time education, 21. Given that the voting age these days is 18, these age limits should be reviewed.

ELIGIBILITY

Size of family

5.18 There is currently no limit on the number of dependants in a family, although a family with able-bodied members gets a standard flat rate after the fourth

member. We note that one family on CSSA has ten children and another one has nine. While we accept that the number of children is essentially a matter of personal choice, it becomes a matter of public interest when the community in effect assumes responsibility for the maintenance of that family. After years of effective family planning education[26], Hong Kong has embraced the concept of a small nuclear family and this is reflected in some policies. As an example, the community has accepted the reduction of personal tax allowance for the third child[27] onwards, but this appears not to have been applied to the policy on CSSA payments.

5.19 We believe that it is not unreasonable to apply the same considerations to CSSA recipients. Recipients are, of course, free to have as big a family as they wish but this should not be done at the expense of taxpayers. We suggest a review of the number, and the standard rate, for additional members.

Residence requirement

5.20 From 1 January 2004, in order to qualify for CSSA, the residence requirement will be changed from one year to seven years. Under the revised residence requirement, new arrivals aged 18 or above will have to fend for themselves or depend on family members for financial support for at least seven years after arrival in Hong Kong. For those families which have difficulties to sustain their newly arrived members for seven years, this may give rise to family conflict and the need for family support services. However, we note this policy of self-reliance for

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[26] Government has for many years campaigned successfully through the Family Planning Association for lower birth rate. The number of new-born babies dropped from 86,751 in 1981 to 48,209 in 2002 (44% drop).

[27] From the third child onward, the tax allowance is reduced to half while the tenth and subsequent children are not entitled to any allowance.

the initial years is not uncommon in other countries. Some countries require citizens who sponsor the immigrants of family members to show proof of financial ability or require intending immigrants to forego applying for welfare benefits immediately upon arrival.

5.21 We note that SWD has discretion to waive the residence requirement: for instance, where a family has undergone drastic changes such as death of the breadwinner. However, to be true to the spirit of the new residence requirement, such discretion should be exercised most sparingly, on strong compassionate grounds and unforeseeable circumstances.

5.22 Wide publicity of this new policy can help avoid unrealistic expectations from one-way permit applicants. Indeed, it is for consideration whether some administrative measures should be put in place to require one-way permit holders upon issue of their permits, to signify their knowledge and acceptance of this policy. At the same time, SWD should review correspondingly its family services to new arrivals, to ensure that help can be provided to those genuinely in need.

Means test

5.23 Undisclosed income is a frequent form of abuse. Applicants deliberately withhold information on assets, thereby establishing eligibility to CSSA when they would not otherwise qualify (para. 4.2). This usually results in overpayment or payment that should not have been made in the first place (paras. 4.7 and 4.9).

5.24 Given that this particular form of abuse could involve criminality, SWD appears to be too tolerant, e.g. where the recipient was suitably remorseful. In

such cases, the recipients are often just given a warning and required to repay the overpaid amount by instalments (paras. 4.7 and 4.9). We believe that SWD's tolerance could unwittingly condone fraudulent exploitation of the CSSA scheme. As the administrator of the CSSA scheme, SWD should send a firm and strong signal that it would not tolerate abuse and that all attempts to defraud would be dealt with in accordance with the law.

5.25 An ultimate goal must be to encourage self-reliance for able-bodied recipients. The scheme should, therefore, encourage willing job seekers to secure gainful employment to provide savings or a better standard of living than that afforded under CSSA. SWD may consider whether there is scope to raise the level of disregarded income or to allow CSSA recipients to accumulate income to be counted towards assets, provided the limit is not exceeded. We believe that this could help reduce incidents of abuse and encourage recipients to explore job opportunities more actively. Employment not only instils a sense of achievement and enhances dignity but also helps to integrate recipients into society.

5.26 There is no information as to why recipients are allowed to keep substantial assets. Over the years, CSSA has evolved from a simple subsistence-based system to a complex scheme catering for practically all possible needs. Furthermore, given that the processing time of CSSA applications is only one month (para. 3.2), the purpose of pitching assets at the prescribed limits is even more obscure. To illustrate, a four-person family of parents and two children are allowed assets of $58,000 (para. 2.24), while their entitled CSSA payment is estimated to be $9,783 a month (para. 2.21). Their assets[28] could sustain them for six months at CSSA levels. Where the adults are neither disabled nor sick, one could argue that

[28] Unless the assets cannot be liquidated readily, in which case SWD may consider offering some help while the family tries to liquidate its assets.

one of the parents could look after the children while the other looks for a job. Their savings would give them some time to try their luck in the job market. Arguably, they are not vulnerable until after they have used up some more of their savings.

5.27 Under existing policy, most self-occupied property is not counted as asset (para. 2.24). This is a possible loophole for abuse. In theory, someone could well transform all his/her assets into a luxury property and then apply for CSSA. The community would find it difficult to accept why someone with such a property should depend on public assistance for support. Although the current market may not allow a property to be liquidated easily, it may still be possible to use it for some income, e.g. letting the whole or part of the property or selling it.

5.28 Another area of abuse is non-disclosed possession of property outside Hong Kong. This is a potential source of income and is properly taken into count for the purpose of means testing. The current practice relies on self-declaration by applicants. This is an administratively simple system, dependent primarily on the applicants' honesty. However, if applicants were minded to conceal their overseas assets by not declaring them, such non-disclosure will be difficult to detect. As in case 4 (paras. 4.10 to 4.11), ownership of the property would not have come to light had SWD not been tipped off through the complaint system. There is currently no mechanism to verify doubtful cases with the authorities where the properties are located. Detection depends on SWD case officers being alert to hints of possible ownership of property outside the territory. This is perhaps an area that warrants more attention and proactive intervention to detect and prevent possible abuse.

SUPPORT FOR SELF-RELIANCE

5.29 The subject of CSSA can evoke strong emotive response. Some CSSA recipients feel stigmatised or looked down upon by others. On the other hand, regrettably, some members of the public seize upon individual cases to generalise that recipients stay on CSSA out of choice and do not strive to re-establish themselves. The issue must be seen in perspective. Most people would not begrudge providing a safety net to those genuinely in need. However, when CSSA provides recipients with income higher than wages earned through hard work, it is not surprising that critics attack the scheme as discouraging self-reliance.

5.30 One way of achieving self-reliance would be placement services. At one time, SWD was concerned that the provision of placement services to CSSA recipients might be perceived as an encroachment upon the Labour Department's jurisdiction. The worry is unnecessary as the aim and the clientele of the two departments are different. In the course of offering assistance, if SWD identifies some "less unlucky" recipients[29] capable of standing on their own feet, it would have a duty to help them to do so. Referral to the Labour Department for placement has become an act of cooperative partnership, not encroachment.

5.31 We see the key issue as one of balance, the crux being how "needs" are defined. The scheme should provide enough to cover essential needs, but not such that it encourages dependency. To instil self-esteem in recipients and at the same time in acknowledgement of society's support, SWD's CW programme should provide more opportunities for community service by able-bodied CSSA recipients. For instance, able-bodied recipients can help those more vulnerable and less able by undertaking home visits and household chores. "Team Clean" projects in the wake of the SARS outbreak are also a good source of community service for the recipients,

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[29] At present, all young, able-bodied recipients are presumed "less unlucky" (para. 2.25).

particularly those with relevant skills.

5.32 Against this background, the CSSA scheme should strike a balance between caring for the needy and facilitating able-bodied recipients to serve the community (para. 2.35). This may also be extended to single parents who can spare some time when their children are attending school or when the children can take care of themselves. This should change the critics' perception and persuade them to see the scheme in proper prospect.

MECHANISM TO PREVENT ABUSE

Gate keeping

5.33 The CSSA scheme operates on the basis of information supplied by applicants (para. 3.1). Given the massive number of applications (para. 2.27) and the urgency in some cases, it is humanly impossible for SWD to investigate and verify each piece of information (e.g. with landlord, employer and banks) supplied in every application. The present practice is the most expedient.

5.34 As part of its vetting process, SWD conducts home visits (para. 3.2) to get a feel of the applicant's personal and family situations. For those minded to conceal assets or certain essential information, home visits will not help detection by case officers. Although fraud and deception attract criminal sanction, it would appear that SWD does not resort to the law except in the most blatant cases. It is, therefore, arguable whether such sanction has any real deterrent effect. Meanwhile, more training on assessment of applications and detection of deception should be provided to all frontline staff. Dissemination of information gleaned from SIS

investigations can alert case officers to common features of potential abuse and usual tactics for concealing information.

5.35 Some recipients have contended that it is not clear as to what assets should be disclosed and how they are valued. We note that the pamphlets on the CSSA scheme contains an explanation of the disclosure requirement. Against a growing trend of ownership of property in the Mainland and elsewhere, we believe that SWD should tighten arrangements for verification and valuation of properties outside Hong Kong. As concealment of assets to obtain CSSA could amount to fraud, it is important that applicants are made aware of the legal consequences of such action. SWD may also consider stepping up liaison with the Mainland authorities for some effective mechanism to check the ownership, legal transfer and utilisation of properties by applicants (para. 5.27). Government may wish to examine how The Hong Kong Economic and Trade Office in Guangdong can contribute to this task.

Reviewing continuing entitlement

5.36 Periodic review of entitlement and continuing eligibility can be an effective tool in monitoring changes in circumstances and discovering non-disclosure. For better use of resources, different review cycles are adopted for different categories of recipients. More stable cases, such as persons over 60, are not subject to regular review. Cases involving families with at least one member aged under 60, are reviewed every six months. Such review cycles are reasonable, given the large number of recipients involved. However, even though cases as described in para. 4.2 are rare, more efforts are needed to remind recipients of their obligations to report changes that may affect their eligibility and to deter non-disclosure.

Special Investigation Section

5.37 Complaints are the main source of information on suspected fraud (para. 4.1). Over the past three years, the number of complaints received has been on the increase. With responsibility for investigating complaints and staff of 115, SIS has 42 members in two Fraud Investigation Teams. In 2002/03, SIS received 4,435 cases (para. 4.1), which means that each officer handled on average 8.8 cases a month.

5.38 However, our study of cases referred to in Chapter 4 revealed serious delays in the investigation process. Case 1 took six months to complete while the other three cases took between 15 to 17 months. In all these cases, the actual investigation itself did not last long. Delay occurred in the initial waiting time before SIS initiated action. Investigation of case 2 only commenced almost a year after receipt of the complaint. The delay was over a year in case 3, and almost 15 months in case 4. At the same time, SWD field units did not refer cases 1 and 2 to SIS for action until three months later. This is clearly undesirable and unsatisfactory.

5.39 SWD attributed the delays to heavy workload (para. 4.12) but we consider that the workload per investigator is not so heavy as to justify such time lapses (para. 5.36). In three of the four cases studied (paras. 4.6, 4.8 and 4.10), the complainants had to send in one to two reminders. Long delays, the passage of time and changing circumstances create difficulties in investigation. For example, in one particular case, the recipient had already changed employment before commencement of investigation (para. 4.8). Worse still, increasing overpayment only makes the eventual recovery more difficult for the recipient.

5.40 We suggest that SWD set some target timeframe or performance

pledge to monitor progress of complaints investigation for SIS.

CONCLUDING COMMENTS

5.41 There is no doubt that a safety net is necessary for the vulnerable and the needy. However, a credible system for investigating attempts to defraud and a demonstrable determination to punish defrauders would help to uphold the integrity of the CSSA scheme. This would assure the community that the scheme benefits those genuinely in need and that these persons should not be tarnished or stigmatised by the misconduct of those who abuse the CSSA scheme.

6

RECOMMENDATIONS

6.1 With over 288,000 CSSA recipients (para. 2.27), only 957 fraud cases were established in the last three years (para. 4.1). However, this is not a true reflection of abuse, only the extent of detection which is limited by SWD's investigation capability. These 957 cases involved total overpayment of $46.7 million, i.e. on average over $48,700 each case. This is not an insignificant amount as the average monthly payment for a single person is about $3,751 or for a four-member family $9,783 (para. 2.21).

6.2 Unquestionably, the CSSA scheme provides a necessary safety net for the needy and vulnerable. However, the media have reported cases of CSSA recipients abusing the system, misusing or mis-managing their grants to the detriment of their family members. SWD should look closely into its monitoring system. Based on the observations and opinions in Chapter 5, The Ombudsman makes the following recommendations for the consideration of DSW for more effective prevention of abuse of the CSSA scheme –

(a) General

Design publicity programmes for specific target groups of our community:

i) to promote a positive perception of the scheme among the public at large, highlighting its purpose and potential targets, the components of the scheme, participation of recipients in AEA and CW programmes and the incidence of recipients becoming self-reliant: paras. 2.7 to 2.19 and 2.29 to 2.36;

ii) to remind CSSA applicants and recipients of their obligation to provide full and truthful information of their financial status, the legal consequences of non-disclosure, or concealment, and the number and outcome of prosecution and other punitive action: paras. 5.28, 5.33 and 5.35; and

iii) to appeal for information on suspected abuse: para. 5.37.

(b) Grants on Offer

i) Review regularly all the different components of the grants so that they remain proportional to the household expenditure of the relevant income sector: para. 5.6;

ii) subsume the standard special grants into the standard grant so that approval is made on verification of needs without requiring recipients to apply for disbursement: para. 5.7;

iii) draw up indices to reflect the rental levels in all

districts for the reference of case officers in determining the amount of rent allowance and detecting unreasonable claims: paras. 5.8 and 5.9;

iv) set up a committee to review the level and items of discretionary special grants that have been approved with a view to standardising the more common or frequent applications and to draw up guidelines for approving officers: paras. 5.11 to 5.15;

v) review and standardise follow-up action on repeated claims for discretionary special grants, taking a firmer stand in cases where recipients should have assumed certain personal responsibility for his predicament: paras. 5.13 to 5.14; and

vi) review the criteria for the payment of the single parent supplement and consider alternative support for single parent families: paras. 5.16 to 5.17.

(c) Eligibility

i) Review the limit on the number of eligible members with a view to lowering the amount of standard rate for additional family members: paras. 5.18 to 5.19;

ii) publicise among intending immigrants the new seven-year residence requirement: para. 5.20;

iii) consider the practical implications of the seven-year residence requirement: para. 5.22;

iv) keep in view the need to enhance the provision of family services to new arrivals: para. 5.22.

v) draw up detailed guidelines for case officers in their exercise of discretion to waive the seven-year residence requirement: para. 5.21;

vi) review the level of disregarded income and the arrangements for recipients to accumulate income towards the prescribed asset limit: para. 5.25;

vii) review, with a view to lowering, the prescribed asset limits for initial entry into the CSSA scheme: para. 5.26;

viii) review the self-occupied property rule and consider setting limits to the value of such property to be commensurate with the standard of living of most recipients: para. 5.27; and

ix) review the procedures and mechanism for monitoring disclosure of property ownership and transfer of assets outside Hong Kong with a view to stricter enforcement of means testing: para. 5.28.

(d) **Support for Self-reliance**

i) Evaluate regularly the effectiveness of the AEA programme in assisting recipients to become self-reliant: para. 5.29;

ii) strengthen liaison with Government departments and non-governmental organisations to explore more openings for community services by recipients: paras. 5.30 and 5.31;

iii) review the participation of able-bodied recipients and single parents in the CW programme: para. 5.32; and

iv) continue to explore ways to help victims of recent redundancies, including partnering closely with Labour Department on employment placement: paras. 2.37 and 5.30.

(e) **Mechanism for Preventing Abuse**

i) Provide more training to equip case officers for detection of fraud: para. 5.33;

ii) circulate to frontline staff regular reports on cases handled by SIS: para. 5.34;

iii) require case officers to ensure that CSSA applicants are aware of their obligation to provide full facts about their financial status, in particular information on ownership of

any properties outside Hong Kong: paras. 5.24, 5.27, 5.28 and 5.35;

iv) issue to staff concerned guidelines on valuing properties and consider the imposition of penalty where disclosure of ownership is not voluntary: para. 5.35;

v) strengthen procedures in the review of entitlement and continuing eligibility for more rigorous detection of abuse and remind recipients to report changes that may affect their eligibility: para. 5.36;

vi) remind staff to refer suspected fraud to SIS without delay: para. 5.38;

vii) prescribe a reasonable timeframe and practical performance pledge for SIS complaint handling and devise a mechanism to check compliance with performance pledge: paras. 5.38 to 5.40; and

viii) take a firm stand on attempts to defraud. Apart from stepping up prosecution action, review the need to impose administrative sanctions on those recipients who, on compassionate grounds, are not referred to the Police for prosecution. In this connection, devise a high-level mechanism to review the decisions of ICFC (i.e. to revert to prosecution or revise the level of penalty): paras. 5.24 and 5.34.

7

FINAL REMARKS

COMMENTS FROM SWD

7.1 We have studied DSW's comments and incorporated textual amendments, where appropriate.

7.2 SWD's comments on para. 2.32:

> "There is no evidence at all to suggest that AEA participants are either over-qualified for most jobs or have been engaged in management positions and lack suitable jobs that meet their expectations or qualifications. It should be noted that according to our profiles of AEA job-seekers, only 1% are of tertiary education level .... Moreover, other than socio-economic background of AEA participants and the availability of suitable job opportunities ... their attitudinal and behavioural profiles significantly affect the likelihood or otherwise of job-seekers successfully securing employment."

7.3 On para. 5.24:

"Our guidelines for deciding which cases should be referred to the Police for prosecution to be considered have been agreed with the Justice Department. Substantially more cases than previously are now referred for prosecution. All the time, we have to pay some heed to the characteristics of CSSA recipients. Owing to low educational standards etc., some will genuinely misunderstand the requirements of our scheme. The sad personal circumstances of others genuinely merit some sympathetic consideration. We are always clear that remorse and willingness to repay are not of themselves sufficient grounds not to refer for prosecution. We do take action to recover overpayment, both in cases that are referred for prosecution and those that are not."

7.4 SWD's overall comments follow:

"Overall, we believe that the CSSA Scheme is robust and healthy although at the same time we are not complacent and keep operational aspects under constant review in order to minimize abuse, which can probably never be eliminated altogether.

The Report makes many observations and recommendations that deal with policy rather than operational maladministration. We are happy to consider these as part of our ongoing review of the CSSA system but it must be borne in mind that any changes brought forward must be practical to implement and also that major changes in policy

can only be made in accordance with community views, as reflected through the Executive and Legislative Councils."

7.5 SWD accepted the recommendations. Implementation of some of them is already underway.

7.6 On recommendations 6.2(b)(iv) to (v), SWD suggested the alternative of maintaining a dossier of typical cases on its internal computer system for ready staff reference.

7.7 On recommendations 6.2(b)(i) to (iii), 6.2(c)(i) to (iv), 6.2(c)(vi) to (ix), and 6.2(e)(iv) (ten recommendations), SWD indicated some reservations, mainly because of perceived difficulty in implementation.

FINAL REMARKS FROM THE OMBUDSMAN

7.8 The Ombudsman appreciates SWD's cooperation throughout the investigation and the prompt response to our findings.

7.9 Our observation on AEA participants in para. 2.32, referred to by SWD in para. 7.2, is that other than "**the young and the less educated (and) other, mainly older, recipients ... the rest** are either over-qualified or have been engaged in management positions and lack suitable jobs that meet their expectations or qualifications" (emphasis added). They may constitute a small percentage of AEA participants but ought not to be neglected.

7.10 As regards SWD's comments in para. 7.3, we note from para. 4.1 that

27.5% (107 out of 389) of the fraud cases was referred to the Police in 2002/03. The corresponding figures in 2001/02 and 2000/01 were 22% (52 out of 236) and 33.1% (110 out of 332) respectively. These figures do not indicate an "increase" in referrals.

7.11 We do not rule out the possibility that some recipients, particularly those less educated, did not mean to defraud. However, this does call for better education of applicants and recipients (paras. 5.8, 6.2(a)(ii) and 6.2(e)(iii)), not tolerance or indulgence. As some 70% of **established** cases of fraud have consistently not been referred for prosecution over each of the past three years, SWD's point in para. 7.3 is not convincing.

7.12 Overall, The Ombudsman is pleased to learn that although with reservations in some cases, DSW has generally accepted our recommendations (para. 7.5). The Ombudsman realises that implementation of some of them, particularly those touching on policy matters, may take time. In this connection, SWD is asked to report progress every six months.

7.13 In conclusion, The Ombudsman is grateful to DSW and staff for assistance throughout this investigation.

---- End ----

Office of The Ombudsman

Ref. OMB/DI/107

December 2003

Special grants

(a) Special grants payable to elderly, disabled persons and persons medically certified to be in ill-health

(i) Housing and related grants

Types of grant — **Payment rate**

a) Rent allowance — Up to a maximum of :

No. of eligible family members	Maximum rate per month ($)
1	1,265
2	2,550
3	3,330
4	3,545
5	3,550
6 or above	4,435

[Rent allowance above the maximum level can be considered to cover the actual rent if an elderly applicant has been waitlisted for compassionate re-housing or a subvented residential institution (not applicable to one who is residing in a private elderly residential institution).]

b) Water/sewage charge allowance — Amount of allowance depends on the number of persons sharing the water meter

Number of persons sharing the water meter	Amount of allowance per person per month ($)
1	Nil
2	6.80
3	9.40
4	11.00
5	13.00
6	14.80
7	16.80
8	18.30
9	19.30
10 or above	20.30

[For example, if a family of four is sharing a water meter with six other tenants, the family will be entitled to a water/sewage charge allowance of $81.2 ($20.3 x 4 a month.]

c) Grant for rent deposit	Up to two times of the appropriate maximum rent allowance
d) Grant for electricity, water and gas/LPG deposits for accommodation in public housing	Actual expenses
e) Domestic removal grant	<u>Permanent public housing or interim housing</u> From $3,210 up to a maximum of $8,570 depending on the number of eligible members to cover removal cost, basic fitting out expenses and telephone installation fees <u>Private housing</u> From $782 up to a maximum of $2,737 depending on the number of eligible members <u>Housing for Senior Citizens</u> Single person : $3,210 Couple : $5,680 (The grant covers the costs of removal, telephone installation and essential household items in connection with the removal.) <u>Institutions for the elderly</u> $391
f) Grant to cover telephone installation fees	Actual fees charged for installing a standard telephone set (Payable to cases demonstrating a genuine need for a telephone, e.g. elderly/disabled persons living alone who are in need of a telephone for communication at times of emergency.)

g) Grant to cover monthly telephone charges	Actual fees for renting a residential telephone line and a standard telephone set (Payable to cases demonstrating a genuine need for a telephone.)
h) Grant for emergency alarm system for elderly recipients	Installation fee on a one-off basis : up to a maximum of $2,500; or Monthly service charges : up to a maximum of $100 per month
i) Grant for renewal of electrical fittings	Actual expenses

(ii) <u>Family grants</u>

<u>Types of grant</u>	<u>Payment rate</u>
a) Grant to cover fares to and from hospital/clinic and other essential travelling expenses	Actual expenses (usually by the cheapest means of available transport)
b) Grant to cover fees charged by private elderly residential institutions	A special grant is payable to elderly recipients meeting the prescribed criteria to enable them to pay a higher monthly fee of private elderly residential institutions. However, the monthly fees charged by the private institution must not exceed $7,756.
c) Burial grant	Up to a maximum of $10,530

(iii) Medical and rehabilitation grants

Types of grant	Payment rate
a) Special diet allowance	Medical recommendation from a doctor of a public hospital or clinic is required Higher rate : $705 per month (For those certified as suffering from anaemia, malignancy, diabetes, tuberculosis (under treatment), or as requiring a fluid diet, or under a post-operative condition or those with stoma.) Lower rate: $375 per month (For those certified as suffering from liver disease, kidney disease, disseminated lupus erythematosus or as requiring an ulcer diet.)
b) Grant to cover costs of medical, rehabilitation, surgical appliances and hygienic items (e.g. wheel-chair, hearing-aid, stoma bags, disposable diapers)	Actual expenses subject to medical recommendation (where appropriate, the recommendation of an occupational therapist or a physiotherapist is also acceptable)
c) Grant to cover costs of glasses and dental treatment (dentures, crowns, bridges, scaling, fillings and root canal treatment)	Actual expenses (For cases applying for a dental grant, the applicant should approach one of the dental clinics designated by the Social Welfare Department to provide such service. The applicant, however, is free to turn to a registered private dentist for the same service after he has approached one of these designated clinics for cost estimate. A grant will be paid to meet the cost charged by the designated clinic or the private dentist, whichever is the less.)

d) Care and attention allowance	Up to a maximum of $4,296 per month (or more in exceptional cases), subject to medical certification and a social worker's recommendation
e) Grant to cover the charge for respite service	Actual fees charged less a portion of the standard rate
f) Grant to cover the medical examination fee for admission to a subvented residential institution	Actual fees
g) Grant to cover the annual medical examination fee for elderly recipients in subvented elderly residential institutions	Up to a maximum of $200
h) Grant to cover fees for home help service	Actual service fees (cost of meals excluded). The grant is not payable to customers in receipt of a higher standard rate or miscellaneous expenses rate for being in need of constant attendance.
i) Grant to cover costs of Domiciliary Occupational Therapy Service	Actual expenses

(iv) Child-care grants

Types of grant	Payment rate
a) Grant to cover fees for attending a day creche/day nursery	Day Creche : up to a maximum of $4,640 per month Day Nursery : up to a general maximum of $2,600 per month
b) Grant to cover charges for occasional child care services	Actual fees (cost of meals excluded) of occasional child care services provided by aided day nurseries

(v) School grants

Types of grant	Payment rate
a) Grant to cover school fees	Actual fees except for kindergarten fees of which the maximum levels are : full-day kindergarten : $2,256 per month half-day kindergarten : $1,254 per month
b) Meal allowance for students	$195 per month for full-time students who have to take lunch away from home
c) Grant to cover fares to and from school	Actual expenses (normally by the cheapest means of available transport)
d) Grant to cover Hong Kong Certificate of Education Examination and Hong Kong Advanced Level Examination fees	Actual fees
e) Grant for selected items of school related expenses (i.e. books, stationery, school uniforms, miscellaneous and minor one-off expenses)	A flat-rate grant is payable to full-time students up to the upper secondary level for selected items of school related expenses. The rates are as follows :

Level of education	Rate per student (per year) Full grant ($)
Day nursery	1,245
Kindergarten	2,845
Primary	2,505
Lower secondary (secondary 1-3)	3,810
Upper secondary (including technical/ commercial institutes)	3,210

Notes: (1) The grant is normally paid before the commencement of the school year.

(2) If the family is eligible for CSSA after the commencement of the school year, the amount of grant payable will be adjusted accordingly.

(3) Additional payment can be considered if the actual expenses exceed the amount of the grant paid.

(b) Special grants payable to able-bodied adults/children

Types of grant	Payment rate
(i) Rent allowance	Up to a maximum of :

No. of eligible family members	Maximum rate per month ($)
1	1,265
2	2,550
3	3,330
4	3,545
5	3,550
6 or above	4,435

(Rent allowance above the maximum level can be considered to cover the actual rent if the applicant has been waitlisted for compassionate re-housing.)

(ii) Water/sewage charge allowance	Amount of allowance depends on the number of persons sharing the water meter

Number of persons sharing the water meter	Amount of allowance per person per month ($)
1	Nil
2	6.80
3	9.40
4	11.00
5	13.00
6	14.80
7	16.80
8	18.30
9	19.30
10 or above	20.30

(For example, if a family of four is sharing a water meter with six other tenants, the family will be entitled to a water/sewage charge allowance of $81.2 ($20.3 x 4) a month.)

(iii) Child-care grants

a) Grant to cover fees for attending a day creche/day nursery	Day Creche : up to a maximum of $4,640 per month Day Nursery : up to a general maximum of $2,600 per month
b) Grant to cover charges for occasional child care services	Actual expenses (cost of meals excluded) of occasional child care services provided by aided day nurseries

(iv) School grants

a) Grant to cover school fees	Actual fees except for kindergarten fees of which the maximum levels are : full-day kindergarten : $2,256 per month half-day kindergarten : $1,254 per month
b) Meal allowance for students	$195 per month for full-time students who have to take lunch away from home
c) Grant to cover fares to and from school	Actual expenses (normally by the cheapest means of available transport)
d) Grant to cover Hong Kong Certificate of Education Examination and Hong Kong Advanced Level Examination fees	Actual fees
e) Grant for selected items of school related expenses (i.e. books, stationery, school uniforms, miscellaneous and minor one-off expenses)	A flat-rate grant is payable to full-time students up to the upper secondary level for selected items of school related expenses. The rates are as follows:

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Lower secondary (secondary 1-3)	3,810
Upper secondary (including technical/ commercial institutes)	3,210

Notes: (1) The grant is normally paid before the commencement of the school year.

(2) If the family is eligible for CSSA after the commencement of the school year, the amount of grant payable will be adjusted accordingly.

(3) Additional payment can be considered if the actual expenses exceed the amount of the grant paid.

(v) Burial grant — Up to a maximum of $10,530

(c) How to apply for a special grant

It is not possible to go into great detail about each of the special grants listed above. Applicants may contact the staff of the social security field unit for enquiries.

Applicants under different categories can receive special grants on a monthly or one-off basis to meet their personal or family's special needs.

Many of these special grants are paid to meet the actual costs provided that they are reasonable while some others are paid up to the maximum levels set by the Social Welfare Department. It is important that you seek the advice of the responsible staff of the social security field unit before purchasing any of the items to be covered by these grants.

Application for advance payment of special grants can be made upon production of supporting documents, such as a quotation or an official estimate of cost. Under certain circumstances, a verbal confirmation is also acceptable.

Other special grants may be made at the discretion of the Director of Social Welfare under exceptional circumstances on the merits of individual cases.

Supplements

(a) Long-term supplement

For elderly, disabled or a person who is medically certified to be in ill-health having been receiving assistance continuously for 12 months, an annual long-term supplement will be paid in the 13th month to meet the extra costs incurred for the replacement of household goods. The rates are as follows:

No. of such members in the family	Amount of Supplement ($)
1	1,425
2-4	2,855
5 or above	3,825

(b) Single parent supplement

A monthly supplement of $225 is payable to single parent families to recognize the special difficulties which single parents face in bringing up a family.

To be eligible for this supplement, the applicant must be living with at least one child aged below 18 or aged 18-21 receiving full-time education who must be unmarried and eligible for the assistance.

The applicant must also satisfy either of the following requirements:

— the applicant is widowed or divorced or separated, or as an unmarried mother or father;

or

— the applicant's spouse is :

(i) receiving medical treatment in a hospital and the period of hospitalization has been lasting or is expected to last for six months or over; or

(ii) serving a sentence of at least nine months in prison or any penal institution; or

(iii) being prevented by law from entering Hong Kong; or

(iv) living apart physically for other reasons by virtue of which the payment of single parent supplement is considered appropriate by the Director of Social Welfare.

<u>Note:</u> All non-owner-occupied residential properties are treated as assets.

The value of owner-occupied residential properties is treated and calculated in the following manner:

(1) The value of the owner-occupied residential property is totally disregarded for the asset test in cases where there is any member being old, disabled or medically certified to be in ill-health.

(2) Where there is an able-bodied adult aged below 50 in the family and no other member being old, disabled or medically certified to be in ill-health, the value of an owner-occupied residential property will be included for the asset test after a grace period of 12 months.

(3) After the grace period of 12 months, the net value of a self-occupied residential property will be included for the asset test. The net value of a residential property is calculated as follows:

"Market value of the property" less "any outstanding mortgage" less "any premium paid to the Housing Authority" (applicable to property in Home Ownership Scheme or Tenants Purchase Scheme flat) less "legal fees and other related expenses involved in the sale of the property"= "Net value of a residential property"

(4) For single parents with young children, the Director of Social Welfare may, at his discretion, extend the grace period to allow single parents to continue to receive assistance without disposing of their residential property, subject to meeting the following two conditions:

(i) the youngest child in the family is below 15 ; and

(ii) the total value of the assets held by the family, including the net value of the owner-occupied residential property, is insufficient to meet the family's maintenance for ten years according to CSSA standards.

The self-occupied residential property of these single parent families will not be included for the asset test until the youngest child reaches 15.

9. DISREGARDED EARNINGS

The provision of 'disregarded earnings' (DE) under the CSSA Scheme aims to encourage CSSA recipients to find and maintain employment. DE refers to the earnings from employment that are disregarded when assessing the amount of assistance payable to a CSSA recipient.

All categories of recipients in cases which have been on CSSA for not less than three months are eligible for DE benefits.

The following arrangements are applicable to CSSA recipients meeting the eligibility requirement for DE :

A. Monthly DE

Monthly earnings from employment can be partially disregarded up to maximum amount of $2,500 per month, calculated as follows :

Earnings	Level of disregard	Maximum amount to be disregarded
First $600	100%	$600
Next $3,800	50%	$1,900
$4,400 or above	the first $600 and half of next $3,800	$2,500

B. Total disregard of the first month's income from a new job

The first month's income earned by a recipient aged 15 or above from a new job can be totally disregarded on condition that the recipient has not benefited from this provision during the past two years.

10. DISREGARDED TRAINING ALLOWANCE

Training allowance payable to an applicant can be disregarded up to a maximum of $1,605 per month in recognition of the additional expenditure incurred in attending training courses.